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**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011 and 2010**

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JUN 13 2012**



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**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVING PLANS**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2011 and 2010**

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**Independent Auditors' Report**

The Board of Directors  
East Jefferson General Hospital

We have audited the accompanying statements of plan net assets available for benefits of the East Jefferson General Hospital Retirement and Savings Plans (the Plans) as of December 31, 2011 and 2010, the related statements of changes in plan net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plans' internal control over financial reporting. Our audits included consideration of the internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the plan net assets available for benefits of the East Jefferson General Hospital Retirement and Savings Plan at December 31, 2011 and 2010, and the changes in plan net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012 on our consideration of the East Jefferson General Hospital Retirement and Savings Plans' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, the schedule of employer contributions on page 26, and the schedule of funding progress on page 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Postlethwaite & Netterville*

Metairie, Louisiana  
May 11, 2012

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

This discussion and analysis of the financial performance of East Jefferson General Hospital's Retirement and Savings Plans provides an overview of the Defined Contribution and Defined Benefit Plans' financial activities for the fiscal years ended December 31, 2011 and 2010. Please read this section in conjunction with the financial statements, which begin on page 14.

**FINANCIAL HIGHLIGHTS**

The following highlights are explained in greater detail later in this discussion.

**Defined Benefit Retirement Plan – Financial Highlights for the Year Ended December 31, 2011**

- The net assets held in trust for the Defined Benefit Retirement Plan decreased by \$1,416,169 during the 2011 fiscal year and totaled \$34,523,311 as of December 31, 2011.
- Retirement benefits paid during 2011 increased \$581,954 to total \$3,491,265.
- Employer contributions to the Plan increased \$27,268 during 2011 to total \$2,581,804.
- Net depreciation in the fair market value of investments was \$1,200,228 compared to net appreciation of \$3,445,941 for the prior fiscal year.
- Investment advisory and custodial fees increased \$134,864 to total \$347,686.

**Defined Contribution Savings Plans – Financial Highlights for the Year Ended December 31, 2011**

- The aggregate net assets held in trust for the Defined Contribution Savings Plans decreased by \$37,571 during the 2011 fiscal year and totaled \$118,147,287 as of December 31, 2011.
- Net depreciation in fair market value of investments was \$3,966,069 compared to net appreciation of \$8,335,141 for 2010.
- Total contributions to the Savings Plans increased by \$48,692 to total \$14,388,015 for the year ended December 31, 2011.
- Total withdrawals increased \$3,453,399 during 2011 bringing total withdrawals to \$12,564,876.

**Defined Benefit Retirement Plan – Financial Highlights for the Year Ended December 31, 2010**

- The net assets held in trust for the Defined Benefit Retirement Plan increased by \$3,759,220 during the 2010 fiscal year and totaled \$35,939,480 as of December 31, 2010.
- Retirement benefits paid during 2010 increased \$78,466 to total \$2,909,311.
- Employer contributions to the Plan increased \$703,434 during 2010 to total \$2,554,536.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

- Net appreciation in the fair market value of investments was \$3,445,941 compared to net appreciation of \$5,142,199 for the prior fiscal year
- Investment advisory and custodial fees increased \$47,721 to total \$212,822

**Defined Contribution Savings Plans – Financial Highlights for the Year Ended December 31, 2010**

- The aggregate net assets held in trust for the Defined Contribution Savings Plans increased by \$15,369,704 during the 2010 fiscal year and totaled \$118,184,858 as of December 31, 2010
- Net appreciation in fair market value of investments was \$8,335,141 compared to net appreciation of \$13,279,249 for 2009
- Total contributions to the Savings Plans increased by \$1,619,310 to total \$14,339,323 for the year ended December 31, 2010
- Total withdrawals increased \$2,993,591 during 2010 bringing total withdrawals to \$9,111,477

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Plans' basic financial statements include the following

- 1 Statements of plan net assets available for benefits,
- 2 Statements of changes in plan net assets available for benefits, and
- 3 Notes to the financial statements

The statements of plan net assets available for benefits report the Plans' assets, liabilities, and resultant net assets held in trust for pension benefits. It discloses the financial position of the Plans as of December 31, 2011 and December 31, 2010.

The statements of changes in plan net assets available for benefits report the results of the Plans' operations during the years disclosing the additions to and deductions from the plan net assets. It supports the change that has occurred to the prior year's net asset value on the statement of plan net assets available for benefit.

The notes to the financial statements provide additional information and insight that are essential to gaining a full understanding of the data provided in the statements.

The notes to the statements are followed by required supplementary information that further explains and supports the information in the financial statements.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CHANGES TO THE DEFINED BENEFIT PENSION PLAN**

The Defined Benefit Plan Statement of Overall Investment Policy and Guidelines was revised in January 2011 and approved by the Board of Directors in February 2011. The plan revision changed the maximum and minimum allocation range for the each plan asset category as stated below.

<u>Asset Category</u>	<u>Minimum</u>	<u>Policy Target</u>	<u>Maximum</u>
Large Cap Stocks	27%	37%	47%
Small Cap Stocks	5%	10%	18%
International Stocks	10%	18%	25%
Fixed Income	24%	34%	44%
Absolute Return Funds	0%	1%	1%

In October 2011, the Board of Directors' approved the August 2011 revised Investment Policy for the Qualified Defined Benefit Plan. The plan revision changed the maximum and minimum allocation range for the each plan asset category as stated below.

<u>Asset Category</u>	<u>Minimum</u>	<u>Policy Target</u>	<u>Maximum</u>
Large Cap Equities	27%	37%	47%
Small/Mid Cap Equities	5%	10%	18%
International Equities	10%	18%	25%
Fixed Income	24%	35%	44%
Absolute Return Funds	0%	0%	0%

Effective January 1, 2011, the primary investment consultant for the Defined Benefit Plan was changed to UBS Financial Services (UBS). UBS will report regularly on the performance of the eight sub-advisors specializing in Large Cap Equities, Small/Mid Cap Equities, International Equities, and Fixed Income. In connection with this change, the custodian bank was changed from J P Morgan to Comerica in order to maximize efficiencies already established between UBS and Comerica.

The Board of Directors also approved in January 2011 the Amendment to the Retirement (Pension) Plan, which adopts the plan restatement effective January 1, 2011 and the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) good faith amendment. The benefits for this Amendment is that the Retirement (Pension) Plan is in compliance with all required tax law changes since and the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) and allows the Plan to submit to its Cycle E determination letter request.

In December 2011, the Board of Directors approved the Amendment to reflect the changes pursuant to the Pension Protection Act of 2006 ("PPA"), the Heroes Earning Assistance and Relief Tax Act of 2008 ("HEART Act") and the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA") to the Retirement (Pension) Plan and authorizes Mark J. Peters, M.D. to execute the amendment.

For 2012 the recommended contribution is \$3,046,895, \$465,091 more than the 2011 recommended contribution of \$2,581,804. This amount has been computed assuming the payment is made on the last day of the year. Effective with the January 1, 2012 actuarial valuation, the valuation interest rate was lowered from 8.0% to 7.5%, resulting in an increase in the actuarial accrued liability from \$65,035,180 to \$70,572,102.

**EAST JEFFERSON GENERAL HOSPITAL**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

For 2011 the recommended contribution was \$2,581,804, \$27,268 more than the 2010 recommended contribution of \$2,554,536. This amount has been computed assuming the payment is made on the last day of the year. Effective with the January 1, 2011 actuarial valuation, the valuation interest rate was lowered from 8.5% to 8.0%, resulting in an increase in the actuarial accrued liability from \$59,702,876 to \$65,035,180.

**FINANCIAL ANALYSIS – RETIREMENT PLAN**

**Defined Benefit Retirement Plan - 2011 and 2010**

The net assets held in trust for the Defined Benefit Retirement Plan decreased by \$1,416,169 during the 2011 fiscal year and totaled \$34,523,311 as of December 31, 2011.

While the \$1,200,228 fair market value depreciation of plan investments contributed to a decrease in net assets during 2011, investment growth has decreased in comparison to the \$3,445,941 appreciation reported in 2010. This decrease was offset by increases in net assets attributable to a \$27,268 increase in total employer contribution and \$160,330 net increase in interest and dividends.

When combined with the effects of a \$27,268 increase in employer contributions, the net assets held in trust decreased \$1,416,169 compared to the \$3,759,220 increase reported in 2010.

	<b>Retirement Plan</b>			
	<b>Plan Net Assets Available for Benefits</b>			
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>
Investments	\$ 34,521,866	\$ 35,546,614	\$ (1,024,748)	-2.9%
Receivables	<u>65,234</u>	<u>423,175</u>	<u>(357,941)</u>	-84.6%
Total assets	34,587,100	35,969,789	(1,382,689)	-3.8%
Total liabilities	<u>63,789</u>	<u>30,309</u>	<u>33,480</u>	110.5%
Plan net assets	<u><u>\$ 34,523,311</u></u>	<u><u>\$ 35,939,480</u></u>	<u><u>\$ (1,416,169)</u></u>	-3.9%

The primary investment advisor, UBS Financial Services Inc., monitors and reports regularly on the performance of eight sub-advisors specializing in Large Cap Equity Value, Small Cap Equity Value, International Equity/Fixed, and Fixed Income/Intermediate Term Bonds. During 2011, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net depreciation of \$1,200,228. UBS Financial Services Inc. has calculated the net time-weighted rate of return for the plan year ending December 31, 2011 at (2.41)%. This is a decrease of 15.62% compared to the 13.21% net time-weighted rate of return reported in 2010 and 8.2% lower than BC Aggregate Bond Index and S&P 500 Index benchmark combine. The under-performance of the Plan's investment relative to industry benchmarks can mostly be attributed to the (37.54)% returns provided by the Plan's Large Cap Value Manager and the International Equity Income Manager.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Employer contributions to the Plan increased \$27,268 to total \$2,581,804 in 2011. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2011 Plan Year Actuarial Valuation performed by Milliman. The comparative increase in the required contribution is primarily attributable to change in actuarial asset method used. The actuarial valuation for the plan year beginning January 1, 2012 recommends a \$3,046,895 contribution to the Pension Trust Fund during 2012.

<b>Retirement Plan</b>				
<b>Changes in Plan Net Assets Available for Benefits</b>				
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>
Additions.				
Contributions	\$ 2,581,804	\$ 2,554,536	\$ 27,268	1.1%
Investment income (loss)	(159,022)	4,326,817	(4,485,839)	-27.4%
Less: fees	(347,686)	(212,822)	(134,864)	28.9%
Total additions	<u>2,075,096</u>	<u>6,668,531</u>	<u>(4,593,435)</u>	-12.8%
Deductions				
Benefits	<u>3,491,265</u>	<u>2,909,311</u>	<u>581,954</u>	2.8%
Change in plan net assets	(1,416,169)	3,759,220	(5,175,389)	-22.0%
Plan net assets, beginning of year	<u>35,939,480</u>	<u>32,180,260</u>	<u>3,759,220</u>	
Plan net assets, end of year	<u><u>\$ 34,523,311</u></u>	<u><u>\$ 35,939,480</u></u>	<u><u>\$ (1,416,169)</u></u>	11.7%

The Schedule of Contributions (on page 26) presents historical trend information about the annual required employer contributions and the contributions made in relation to the requirement. The Schedule of Funding Progress (on page 27) includes historical trend information about the actuarially funded status of the plan from an on-going plan perspective and the progress made in accumulating sufficient assets to pay benefits and insurance premiums when due. These schedules provide information that contributes to understanding the changes over time in the funding status of Plan.

**Defined Benefit Retirement Plan - 2010 and 2009**

The net assets held in trust for the Defined Benefit Retirement Plan increased by \$3,759,220 during the 2010 fiscal year and totaled \$35,939,480 as of December 31, 2010.

While the \$3,445,941 fair market value appreciation of plan investments contributed to an increase in net assets during 2010, investment growth has decreased in comparison to the \$5,142,199 appreciation reported in 2009. This increase was offset by increases in net assets attributable to a \$78,466 increase in retirement benefits paid and \$47,721 net increase in advisory and custodial fees.

When combined with the effects of a \$703,434 increase in employer contributions, the net assets held in trust increased \$3,759,220 compared to the \$4,817,325 increase reported in 2009.

**EAST JEFFERSON GENERAL HOSPITAL**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Retirement Plan**  
**Plan Net Assets Available for Benefits**

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Difference</u>
Investments	\$ 35,546,614	\$ 32,237,080	\$ 3,309,534	10.3%
Receivables	423,175	12,601	410,574	3258.3%
Total assets	35,969,789	32,249,681	3,720,108	11.5%
Total liabilities	30,309	69,421	(39,112)	-56.3%
Plan net assets	<u>\$ 35,939,480</u>	<u>\$ 32,180,260</u>	<u>\$ 3,759,220</u>	11.7%

The primary investment advisor, Equitas Capital Advisors, LLC, monitors and reports regularly on the performance of seven sub-advisors specializing in Large Cap Equity Value, Small Cap Equity Value, International Equity/Fixed, and Fixed Income/Intermediate Term Bonds. During 2010, the fair market value of investments held by the Defined Benefit Pension Plan revealed a net appreciation of \$3,445,941. Equitas Capital Advisors has calculated the net time-weighted rate of return for the plan year ending December 31, 2010 at 13.21%. This is a decrease of 9.49% compared to the 22.70% net time-weighted rate of return reported in 2009 and 0.96% higher than Equitas' Balanced Index benchmark. The over-performance of the Plan's investment relative to industry benchmarks can mostly be attributed to the 13.91% returns provided by the Plan's Fixed Income Manager and the International Equity Income Manager.

Employer contributions to the Plan increased \$703,434 to total \$2,554,536 in 2010. This contribution was approved by the Board of Directors and corresponded to the recommended contribution amount detailed in the 2010 Plan Year Actuarial Valuation performed by Milliman. The comparative increase in the required contribution is primarily attributable to change in actuarial asset method used. The actuarial valuation for the plan year beginning January 1, 2011 recommended a \$2,581,804 contribution to the Pension Trust Fund during 2011.

**Retirement Plan**  
**Changes in Plan Net Assets Available for Benefits**

	<u>2010</u>	<u>2009</u>	<u>Difference</u>	<u>Difference</u>
<b>Additions</b>				
Contributions	\$ 2,554,536	\$ 1,851,102	\$ 703,434	38.0%
Investment income (loss)	4,326,817	5,962,169	(1,635,352)	-27.4%
Less fees	(212,822)	(165,101)	(47,721)	28.9%
Total additions	6,668,531	7,648,170	(979,639)	-12.8%
<b>Deductions</b>				
Benefits	2,909,311	2,830,845	78,466	2.8%
Change in plan net assets	3,759,220	4,817,325	(1,058,105)	-22.0%
Plan net assets, beginning of year	32,180,260	27,362,935	4,817,325	
Plan net assets, end of year	<u>\$ 35,939,480</u>	<u>\$ 32,180,260</u>	<u>\$ 3,759,220</u>	11.7%

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Schedule of Contributions (on page 26) presents historical trend information about the annual required employer contributions and the contributions made in relation to the requirement. The Schedule of Funding Progress (on page 27) includes historical trend information about the actuarially funded status of the plan from an on-going plan perspective and the progress made in accumulating sufficient assets to pay benefits and insurance premiums when due. These schedules provide information that contributes to understanding the changes over time in the funding status of Plan.

**CHANGES TO THE DEFINED CONTRIBUTION SAVINGS PLAN STRUCTURE**

The Hospital provides Team Members the ability to participate in a number of Retirement Savings Plans as outlined below:

<b>Type of Plan</b>	<b>Type of Contribution</b>	<b>Amount</b>
401(a) Retirement Savings Plan	Hospital Basic Contribution	Team Member receive between 2-5% (percentage tied to tenure)
403(b) Retirement Savings Plan	Team Member Contribution	Up to IRS Limits
	Hospital Basic Contribution	Discretionary, Hospital may contribute dollar for dollar match, up to 2%
457(b) Voluntary Retirement Savings Plan	Team Member Contributions	Up to IRS Limits

VALIC is the plan administrator for all of these retirement savings plans. During the year, the Board of Directors made changes to the investment options offered to participants. Effective November 2011, the 401(a), 403(b), and 457(b) Retirement Savings Plans investment options for participants are:

**Asset Category**

Money Market  
Moderate Allocation  
Foreign Large Blend  
World Stock  
Small Growth  
Mid-Cap Growth  
Small Blend  
Mid-Cap Blend  
Large Blend  
Small Value  
Large Value  
Large Growth  
Mid-Cap Value  
Large Value  
Intermediate-Term Bond  
Lifestyle Funds  
Money Market  
Stable Value

**Fund Name**

AmCent Cap Pres Mny Mkt Inv  
American Funds American Balanced  
American Funds EuroPacific Growth  
American Funds Capital World Growth & Income  
JP Morgan Small Cap Growth  
Columbia Acorn  
Columbia Small Cap Core A  
Dreyfus Midcap Index  
Dreyfus S&P 500 Index  
Goldman Sachs Small Cap Growth and Income  
Invesco Van Kampen Growth and Income  
Mainstay Large Cap Growth R1  
Artisan Mid Cap Value  
Dodge & Cox and Van Kampen Growth & Income  
PIMCO Total Return  
Target Maturity – T Rowe Price 10 Series  
Sun America Money Market  
Valic Fixed Interest Option

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Board of Directors also approved at the April 2011 meeting the recommendation to terminate the EJGH Special Retirement Fund, also referred to as the 401(a) Alternate Sick Plan and freezing the 403(b) Special Pay Plan. The 403(b) Special Pay Plan will also be modified to enable the Hospital to require the participants with balance of less than \$5,000 to cash out or rollover their account balances to another qualified plan.

At the September 2010 Board of Directors' meeting, the Board approved the resolution to convert the 403(b) Retirement Savings Matching Contribution to a discretionary contribution effective January 1, 2011. A discretionary contribution would provide the Hospital's Board the option of whether or not to fund the Matching Contribution, in whole or in part. The option of whether or not to fund, in whole or in part, will be decided by the Board on a year to year basis. The Hospital Basic Contribution will continue to be funded as outlined below.

<b>Team Member Service</b>	<b>Base %</b>
Under 5 years	2.0%
5+ - 10 years	2.5%
10+ - 15 years	3.0%
15+ - 20 years	3.5%
20+ - 25 years	4.0%
Over 25 years	5.0%

In December 2011, the Board of Directors approved funding the 2011 Hospital Matching Contribution to the Employee 403(b) Retirement Savings Plan during the first quarter of 2012. The cost of Matching the Employee Contribution for 2011 is \$1,872,893.

**FINANCIAL ANALYSIS – SAVINGS PLANS**

**Defined Contribution Savings Plans - 2011 and 2010**

The net assets held in trust for the combined Savings Plan administered by East Jefferson General Hospital decreased by \$37,571 during the 2011 fiscal year. Net depreciation of \$3,966,069 was the main force behind the decrease in net assets. Combined investment loss, net of investment advisory fees, totaled \$1,096,947 in 2011. Total withdrawals, benefits paid, and forfeitures were \$13,328,639 for the year.

	<b>2011</b>	<b>2010</b>	<b>Difference</b>	<b>Difference</b>
Investments	\$ 113,789,691	\$ 113,870,171	\$ (80,480)	-0.1%
Receivables	4,357,596	4,314,687	42,909	1.0%
Total assets	118,147,287	118,184,858	(37,571)	0.0%
Plan net assets	<u>\$ 118,147,287</u>	<u>\$ 118,184,858</u>	<u>\$ (37,571)</u>	0.0%

**EAST JEFFERSON GENERAL HOSPITAL**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Total contributions to the Savings Plans increased by \$48,692 to total \$14,388,015. Employer and Team Member contributions increased \$18,637 and \$30,055, respectively, when compared to 2010. In 2011, Team-members contributions to the 403(b) plan decreased by \$16,302, and team-members contributions to the 457(b) plan increased by \$46,357. The 403(b) contribution decrease is mostly attributed to the decrease in the participation rate of active team-members and an increase in non-active team-members.

<b>Savings Plans</b>				
<b>Changes in Plan Net Assets Available for Benefits</b>				
	<b>2011</b>	<b>2010</b>	<b>Difference</b>	<b>Difference</b>
<b>Additions</b>				
Contributions	\$ 14,388,015	\$ 14,339,323	\$ 48,692	0.3%
Investment income (loss)	(1,093,701)	11,423,165	(12,516,866)	-109.6%
Less fees	(3,246)	(2,851)	(395)	13.9%
Total additions	<u>13,291,068</u>	<u>25,759,637</u>	<u>(12,468,569)</u>	<u>-48.4%</u>
<b>Deductions</b>				
Benefits	12,564,876	9,111,477	3,453,399	37.9%
Forfeitures	763,763	1,278,456	(514,693)	-40.3%
Total deductions	<u>13,328,639</u>	<u>10,389,933</u>	<u>2,938,706</u>	<u>28.3%</u>
Change in plan net assets	(37,571)	15,369,704	(15,407,275)	-100.2%
Plan net assets, beginning of year	118,184,858	102,815,154	15,369,704	14.9%
Plan net assets, end of year	<u>\$ 118,147,287</u>	<u>\$ 118,184,858</u>	<u>\$ (37,571)</u>	<u>0.0%</u>

**Defined Contribution Savings Plans - 2010 and 2009**

The net assets held in trust for the combined Savings Plan administered by East Jefferson General Hospital increased by \$15,369,704 during the 2010 fiscal year. Net appreciation of \$8,335,141 was the main force behind the increase in net assets. Combined investment income, net of investment advisory fees, totaled \$11,420,314 in 2010. Total withdrawals, benefits paid, and forfeitures were \$10,389,933 for the year.

As stated above, the 2010 Savings Plan investments reflected a net appreciation in fair market value of \$8,335,141. While the appreciation of the fair market value of investments indicates a positive rate of return for 2010, returns have decreased in comparison to the \$13,279,249 net appreciation observed in 2009.

	<b>2010</b>	<b>2009</b>	<b>Difference</b>	<b>Difference</b>
Investments	\$ 113,870,171	\$ 97,965,254	\$ 15,904,917	16.2%
Receivables	4,314,687	4,849,900	(535,213)	-11.0%
Total assets	<u>118,184,858</u>	<u>102,815,154</u>	<u>15,369,704</u>	<u>14.9%</u>
Plan net assets	<u>\$ 118,184,858</u>	<u>\$ 102,815,154</u>	<u>\$ 15,369,704</u>	<u>14.9%</u>

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Total contributions to the Savings Plans increased by \$1,619,310 to total \$14,339,323. Employer contributions had a net increase of \$402,679. Total team member contributions to the Savings Plans increased by \$1,216,631 for the year. Team-members contributions to the 403(b) plan increased by \$1,094,865, and team-members contributions to the 457(b) plan increased by \$121,766 in 2010. The 403(b) contribution increase is mostly attributed to team-members increasing their savings contribution rate in 2010.

<b>Savings Plans</b>				
<b>Changes in Plan Net Assets Available for Benefits</b>				
	<b>2010</b>	<b>2009</b>	<b>Difference</b>	<b>Difference</b>
<b>Additions</b>				
Contributions	\$ 14,339,323	\$ 12,720,013	\$ 1,619,310	12.7%
Investment income (loss)	11,423,165	15,574,927	(4,151,762)	-26.7%
Less fees	(2,851)	(1,652)	(1,199)	72.6%
Total additions	<u>25,759,637</u>	<u>28,293,288</u>	<u>(2,533,651)</u>	-9.0%
<b>Deductions</b>				
Benefits	9,111,477	6,117,886	2,993,591	48.9%
Forfeitures	1,278,456	558,775	719,681	128.8%
Total deductions	<u>10,389,933</u>	<u>6,676,661</u>	<u>3,713,272</u>	55.6%
Change in plan net assets	15,369,704	21,616,627	(6,246,923)	-28.9%
Plan net assets, beginning of year	102,815,154	81,198,527	21,616,627	26.6%
Plan net assets, end of year	<u>\$ 118,184,858</u>	<u>\$ 102,815,154</u>	<u>\$ 15,369,704</u>	14.9%

**EJGH RETIREMENT AND SAVINGS PLANS AS A WHOLE**

During the year ended December 31, 2011, East Jefferson General Hospital's combined plan net assets decreased \$1,453,740 to total \$152,670,598. The observed downturn in the plan assets is mainly attributable to negative returns on investments and increases in benefit payments and savings plan withdrawals. The 403(b) Plan active participants decreased by 3% (67 participants) to total 2,256 at year end, and total contributions for the defined benefit and defined contribution plans increased \$75,960 to total \$16,969,819. New enrollments to the Savings Plan increased by 41% to total 219.

During the year ended December 31, 2010, East Jefferson General Hospital's combined plan net assets increased \$19,128,924, to total \$154,124,338. The observed upturn in the plan assets is mainly attributable to the positive returns on investments and contributions to the plans. The 403(b) Plan active participants decreased by 7% (172 participants) to total 2,393 at year end, and total contributions for the defined benefit and defined contribution plans increased \$2,322,744 to total \$16,893,859. New enrollments to the Savings Plan decreased by 27.7% to total 159.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**REQUESTS FOR INFORMATION**

Questions concerning any of the information provided or requests for additional financial information should be addressed to George Kruger, Chief Financial Officer, (504) 454-4862 East Jefferson General Hospital, 4200 Houma Boulevard, Metairie, Louisiana 70006

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**  
**STATEMENTS OF PLAN NET ASSETS AVAILABLE FOR BENEFITS**  
**DECEMBER 31, 2011 AND 2010**

	2011						2010					
	Defined Benefit Plan	Defined Contribution Savings Plans			Total Defined Contributions Savings Plans	Total Defined Benefit Plan	Defined Contribution Savings Plans			Total Defined Contributions Savings Plans	Total Defined Benefit Plan	Total
		401(a)	403(b) Special	457(b)			401(a)	403(b) Special	457(b)			
<b>ASSETS</b>												
Receivables												
Accrued interest and dividends	\$ 65,234	\$ -	\$ -	\$ -	\$ 65,234	\$ 14,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,702
Contributions receivable	-	-	320,035	73,537	303,572	-	2,773,844	216,355	66,718	283,073	283,073	283,073
Employer	-	2,680,425	1,373,599	-	4,054,024	408,473	-	1,257,770	-	4,031,614	4,031,614	4,031,614
Other	-	-	-	-	-	-	-	-	-	-	-	408,473
Total receivables	65,234	2,680,425	1,603,634	73,537	4,337,596	423,175	2,773,844	1,474,125	66,718	4,314,687	4,733,862	4,733,862
Investments, at fair value												
Cash equivalents	1,123,777	-	-	-	1,123,777	1,103,747	-	-	-	-	-	1,103,747
Debt Securities	6,463,961	-	-	-	6,463,961	-	-	-	-	-	-	-
Equities	21,248,349	-	-	-	21,248,349	23,523,386	-	-	-	-	-	23,523,386
Mutual Funds	5,494,079	46,361,892	56,271,531	11,156,268	113,789,691	10,643,783	48,288,138	160,170	10,800,754	113,870,171	124,513,956	124,513,956
Investment in partnership	189,750	-	-	-	189,750	275,696	-	-	-	-	-	275,696
Total investments	34,571,866	46,361,892	56,271,531	11,156,268	148,311,557	35,546,614	48,288,138	160,170	10,800,754	113,870,171	149,416,785	149,416,785
Total assets	34,587,100	49,042,317	57,873,165	11,229,805	152,734,387	35,969,789	51,061,982	160,170	10,867,472	118,184,858	154,154,647	154,154,647
<b>LIABILITIES</b>												
Accounts payable	63,789	-	-	-	63,789	30,309	-	-	-	-	-	30,309
Total liabilities	63,789	-	-	-	63,789	30,309	-	-	-	-	-	30,309
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 34,523,311	\$ 49,042,317	\$ 57,873,165	\$ 11,229,805	\$ 152,670,598	\$ 35,939,480	\$ 51,061,982	\$ 160,170	\$ 10,867,472	\$ 118,184,858	\$ 154,124,338	\$ 154,124,338

The accompanying notes are an integral part of these statements.

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**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**1. Description of the Plans**

**General**

The East Jefferson General Hospital Retirement Plan and Savings Plan Committee is the administrator of a single-employer defined benefit retirement plan and hospital sponsored defined contribution savings plans. The Plans were established for the purpose of providing retirement benefits for substantially all employees of East Jefferson General Hospital (Hospital).

**Defined Benefit Retirement Plan**

All full-time employees hired or re-hired prior to January 1, 2005 who are at least age 21 with at least one year of credited service are eligible to participate in the Plan. Plan benefits vest after 5 years of credited service. Employees who retire at, or after, age 62 with 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, unless the present value amount of accumulated benefits are under \$8,500. In these instances, the employer has the option to distribute benefits to the employee in a lump sum payment. The Plan also provides early retirement benefits at reduced amounts at age 55 with 10 years of service. The Plan also provides death benefits depending upon the payment option elected. This benefit provision and all other requirements are established by the Plan. In January 2005, a resolution was adopted to freeze the defined benefit plan effective April 1, 2005. Non-vested employees hired prior to January 1, 2005 will continue to vest in the plan, pending continual employment through the vesting date.

Membership in the Plan as of the last actuarial valuation consists of January 1

	<u>2012</u>	<u>2011</u>
Retirees and beneficiaries receiving benefits	689	644
Terminated employees entitled to benefits but not yet receiving them	1,712	1,664
Active employees	849	970
Total Participants	<u>3,250</u>	<u>3,278</u>

**Pension Benefits**

The annual benefit at normal retirement will be equal to the benefit accrued through December 31, 1988 under the previous pension plan formula plus, for each year after 1988, benefits accrued under a new formula. Under the formula, benefits accrued at 0.75% of participant's annual pay up to a designated "breakpoint" and at 0.5% of annual pay in excess of the breakpoint. Benefits ceased to accrue effective April 1, 2005 with the freezing of the Plan as of that date.

The pension benefits will be fully vested after five credited years of employment with the Hospital (counting all prior service). Prior service counts for vesting purposes for terminated employees rehired within five years that were not fully vested at termination.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**1. Description of the Plans (continued)**

**Defined Benefit Retirement Plan (continued)**

At retirement, the participant may choose to receive a monthly benefit amount in one of several annuity forms – life annuity, joint and survivor annuity, and ten year certain and life annuity

**Death Benefits**

If a participant dies after becoming vested, the surviving spouse will receive a monthly benefit from the plan. This benefit is only available to the surviving spouse and will be payable at the time the participant would have qualified for early retirement, unless the spouse elects to defer payments to a later date.

**Contributions**

The Plan's funding policy provides for actuarially determined periodic contributions.

The actuarially recommended contribution for the plan years ending December 31, 2011 and 2010 is shown below.

Valuation date Plan year	January 1, 2011 2011	January 1, 2010 2010
Annual contribution		
As a dollar amount	\$ 2,581,804	\$ 2,554,536
As a percent of payroll	4.91%	4.42%
Participant payroll	\$ 52,622,311	\$ 57,757,738

**Defined Contribution Savings Plans**

The Savings Plans include a 401(a) plan that was frozen to new participants effective December 31, 2003 and reactivated in 2007. The Savings Plans also include two 403(b) plans (the 403(b) and 403(b) Special) and a 457(b) plan that were established effective January 1, 2004.

The 401(a) plan covers all full-time employees who have been employed for a twelve-month period during which at least one thousand hours of service are completed and who are at least twenty-one years of age. With the exception of leased employees, all employees at least 21 years of age are eligible to make elective deferrals under the 403(b) plan. All full and part-time employees are eligible for employer contributions under the 403(b) plan after attaining age 21 and completing one month of employment. All full and part-time employees are eligible for the 403(b) Special plan. All employees who are at least 18 years of age are eligible to participate in the 457(b) plan.

The 403(b) Special Plan was terminated effective May 15, 2011.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**1. Description of the Plans (continued)**

**Defined Contribution Savings Plans (continued)**

The number of participants in each of the savings plans (active and inactive) as of December 31 is as follows

	<u>2011</u>	<u>2010</u>
401(a)	3,659	3,459
403(b) Special	-	44
403(b)	3,588	3,484
457(b)	725	708

**Contributions**

The 403(b) plan allows for employee elective deferrals to be made up to the limits allowed by the IRS. Effective April 2005, employer basic contribution increases in 0.5% increments for every five years of credited service. The initial base contribution is 2% for less than five years of service. Matching employer contributions are made at a rate equal to 100% of the elective deferral of each employee up to 2%. Effective in 2006, the plan was amended to change the Hospital's funding to an annual basis, from pay period, and allows for confirmation of an employee's eligibility. Effective January 1, 2011, the plan was amended to convert the matching contribution to a discretionary contribution, which would provide the employer the option of funding the matching contribution in whole or in part on an annual basis.

The 403(b) Special Plan provided deferral only after the following criteria are met

1. Participants must first exercise their annual cash-in option of 80 hours
2. Participants must submit a PTO allocation form between December 1 and December 15 indicating their requested deferral

Special pay contributions are made with respect to both accumulated vacation and accumulated sick time.

The 457(b) plan allows employee elective deferrals up to the annual limits allowed by the IRS. No employer contributions are made to this plan.

The 401(a) plan was frozen effective December 31, 2003 and reactivated during 2007. During this period of time, the Hospital discontinued providing the Hospital Basic contributions to the 403(b) plan and began funding these contributions to the 401(a) plan. The Hospital Basic Contribution percentage amounts are provided to participants according to their Benefit Service Date. The participants' voluntary pre-tax deductions and the Hospital Matching Contributions continue to be funded to the 403(b) plan.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Description of the Plans (continued)**

**Defined Contribution Savings Plans (continued)**

The employer contribution percentages for the 401(a) plan by Benefit Service Date are as follows

<u>Number of Years</u>	<u>Contribution %</u>
0 to 5	2 0%
5+ to 10	2 5%
10+ to 15	3 0%
15+ to 20	3 5%
20+ to 25	4 0%
25+	5 0%

**Participants' Accounts**

Participants in the Savings Plans have separate accounts for each of the Plans. Each participant's account is credited with the Hospital's contribution, if applicable, and Plan earnings. Allocation of the Hospital's contributions is based on Plan compensation. Compensation for Plan purposes is the employee's eligible annual compensation as specified in the plan document.

**Vesting**

The participant is one hundred percent vested in Hospital contributions after the completion of five credited years of vesting service and upon death, disability or termination of the Savings Plans with the exception of the 403(b) Special plan which provides for immediate 100% vesting. Vesting status is not pro-rated for the other defined contribution plans. For this purpose, participants earn one year of vesting service for each year in which they work one thousand hours or more. Any contributions made by participants for the Savings Plans, and earnings on those contributions, are one hundred percent vested to the participants when made.

**Withdrawals and Distributions**

Participants are allowed to withdraw their own contributions from the 401(a) plan. Hospital contributions may not be withdrawn. Withdrawals are limited to one per calendar year. No contributions may be made to the plan for a six-month period after a withdrawal, and during those six months the participant is ineligible to receive the Hospital's matching contributions.

Only hardship withdrawals are allowed for the 403(b) and 457(b) plans. VALIC determines if a participant is eligible for a hardship withdrawal based on IRS Section 457(d)(1)(A)(iii) of the Code. The 403(b) Special plan did not provide for in service distributions.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**1. Description of the Plans (continued)**

**Defined Contribution Savings Plans (continued)**

Loans are not permitted under the terms of the Savings Plans with the exception of the 403(b) Special Plan

Upon termination of employment for resignation, dismissal, retirement, or death, the participant's contributions plus the vested portion of the Hospital's contributions, and the related earnings may be distributed to the participant or his/her designated beneficiary. In addition, the employee may remain in the Plan, request a rollover distribution, or a distribution in the form of a lump sum or annuity provided by the investment advisor.

**Forfeitures**

Basic and matching deposits in the account of a participant who separates from service prior to becoming vested are forfeited and used to reduce Hospital contributions.

If a participant returns to service within five years, the dollar amount forfeited is restored to his account.

During the years ended December 31, 2011 and 2010 the 401(a) plan used \$502,361 and \$525,603 respectively in forfeitures to offset employer contributions. During the years ended December 31, 2011 and 2010 the 403(b) plan used \$261,402 and \$752,853 in forfeitures to offset employer contributions.

**2. Summary of Significant Accounting Policies**

The financial statements are presented in accordance with standards established by the Governmental Accounting Standards Boards (GASB). These financial statements include the provisions of GASB Statement No. 34, Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments and related standards.

**Basis of Accounting**

The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is recognized when earned.

**Method Used to Value Investments**

Investments are reported at fair value, based on quoted market prices, short-term investments are reported at cost and insurance contracts at contract value, which approximates fair value.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**2. Summary of Significant Accounting Policies (continued)**

**Use of Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Tax Status**

Both the retirement plan and 401(a) plan have obtained favorable determination letters. Although those plans have been subsequently amended, it is believed that they are being operated in compliance with the applicable requirements of the Internal Revenue Code. The 403(b), 403(b) Special, and 457(b) plans are proto type plans that have been designed to meet the requirements of the Internal Revenue Code.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

**3. Deposits, Cash Equivalents and Investments**

Following are the components of the Plan's cash equivalents and investments at December 31, 2011 and 2010:

	Defined Benefit Retirement Plan	Savings Plans	Total
<b><u>2011</u></b>			
Cash equivalents	\$ 1,123,777	\$ -	\$ 1,123,777
Investments	33,398,089	113,789,691	147,187,780
	<u>\$ 34,521,866</u>	<u>\$ 113,789,691</u>	<u>\$ 148,311,557</u>
	Defined Benefit Retirement Plan	Savings Plans	Total
<b><u>2010</u></b>			
Cash equivalents	\$ 1,103,747	\$ -	\$ 1,103,747
Investments	34,442,867	113,870,171	148,313,038
	<u>\$ 35,546,614</u>	<u>\$ 113,870,171</u>	<u>\$ 149,416,785</u>

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**3. Deposits, Cash Equivalents and Investments (continued)**

**Cash Equivalents**

The cash equivalents totaling \$1,123,777 and \$1,103,747 at December 31, 2011 and 2010, respectively, consist of government backed pooled funds. The funds are held by a sub-custodian and are managed by a separate money manager and are in the name of the custodian's trust department.

**Investments**

Hospital service districts are authorized under Louisiana R S 46 1068 to establish and maintain actuarially sound pension and retirement systems making contributions from hospital service district funds. They may make contracts of insurance with any insurance company legally authorized to do business in Louisiana and may enter into other contracts and Trust Agreements with banks, which are incidental to creating and maintaining an actuarially sound pension and retirement system. At December 31, 2011 and 2010, the Retirement Plan's investments were held by Comerica and JP Morgan Chase, respectively. The Savings Plans' investments are held by VALIC.

**Concentration of Credit Risk**

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Plan's investment in a single issuer. The Plans' investment policy states that no more than 5% (of cost) of the assets assigned to an investment manager may be invested in the securities of one issuer. At December 31, 2011 and 2010, there were no investment holdings that exceeded the Plan's concentration of credit risk policy.

**Credit Risk**

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Plans have no formal investment policy regarding credit risk. Credit ratings of the Plan's investments in long-term debt securities as of December 31, 2011 are as follows:

Investment Type	U S Government and Government Agency	Mortgage Backed Securities	Total
Aaa	\$ 4,374,274	\$ -	\$ 4,374,274
Not Rated	-	2,091,687	2,091,687
	<u>\$ 4,374,274</u>	<u>\$ 2,091,687</u>	<u>\$ 6,465,961</u>

The Plans did not have investments in long-term debt securities at December 31, 2010.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**3. Deposits, Cash Equivalents and Investments (continued)**

**Custodial Credit Risk**

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Plans will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Plans hold its cash equivalents in a nominee name in the amount of \$1,123,777 and \$1,103,747 at December 31, 2011 and 2010, respectively. The Plans have assets in the amount of \$147,187,780 and \$148,313,038 for December 31, 2011 and 2010, respectively, which are not held in a nominee name or in the name of the Plans and therefore exposed to custodial credit risk. These assets are held in Comerica and VALIC custodial accounts.

**Interest Rate Risk**

Interest rate risk is defined as the risk that changes in the interest rates will adversely affect the fair value of an investment. As of December 31, 2011, the Plan had the following investments in long-term debt securities and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater than 10</u>
U S Government and					
Government Agency	\$ 4,374,274	\$ 925,662	\$ 1,211,080	\$ 1,310,697	\$ 926,835
Mortgage Backed	2,091,687	-	-	-	2,091,687
	<u>\$ 6,465,961</u>	<u>\$ 925,662</u>	<u>\$ 1,211,080</u>	<u>\$ 1,310,697</u>	<u>\$ 3,018,522</u>

The Plans did not have investments in long-term debt securities at December 31, 2010.

The Plans have no formal investment policy regarding interest rate risk.

The Plans invest in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

**Investment in Partnership**

At December 31, 2011 and 2010, the Retirement Plan was invested in Equitas Evergreen Fund, L P. As of December 31, 2011, the investment in Equitas Evergreen Fund, L P had a cost basis of \$269,537 and a market value of \$189,750. As of December 31, 2010, the investment in Equitas Evergreen Fund, L P had a cost basis of \$300,901 and a market value of \$275,696.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**4. Savings Plan Funds**

During the year ended December 31, 2004 agreements with VALIC were obtained for each of the Savings Plans. The hospital invests each participant's deferred compensation as directed by the employee. The investments are generally mutual funds, however, the plan documents provide for other types of investments. The responsibility for the selection of the investment alternatives has been retained by the Hospital.

The funds are included in the financial statements as December 31, 2011 and 2010 at fair market value.

**5. Actuarial Cost Method**

The Traditional Unit Credit Cost Method was used to calculate the funding requirements for the defined benefit retirement plan for the years ended December 31, 2011 and 2010. Under this cost method, the normal cost of active participants under normal retirement age is equal to the actuarial present value of the benefit expected to accrue during the next year, taking into account pension, termination, death, and disability benefits. The normal cost for the plan is the total of the individually computed normal cost for all participants.

The funding cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, and turnover which are assumed to hold for many years into the future.

**6. Funded Status and Funding Progress – Retirement Plan**

The funded status of the Plan as of December 31, 2011 and 2010, respectively, is based on the most recent actuarial valuation as follows:

Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Accrued Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2012	\$ 34,587,098	\$ 70,572,102	\$ 35,985,004	49.0	\$ 46,621,480	77.2
2011	\$ 35,969,789	\$ 65,035,180	\$ 29,065,391	55.3	\$ 52,622,311	55.2

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**

**NOTES TO FINANCIAL STATEMENTS**

**6. Funded Status and Funding Progress – Retirement Plan(continued)**

The required schedule of funding progress following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additional information for the actuarial valuation is as follows

Plan Year	<u>2011</u>	<u>2010</u>
Valuation Date	January 1, 2012	January 1, 2011
Actuarial Cost Method	Traditional Unit Credit	Traditional Unit Credit
Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions		
Investment Rate of Return	7.5% per annum	8.00% per annum
Amortization Method	Level Dollar	Level Dollar
Amortization Period	30 years remaining (Open Basis)	30 years remaining (Open Basis)
Salary Increase Rate	0%	0%

**7. Plan Termination**

Although it has not expressed any intent to do so, the Hospital has the right under the Plans to discontinue its contributions at any time and to terminate the Plans

**8. Required Supplementary Schedules**

Information in the required supplemental schedules is designed to provide information about the Defined Benefit Retirement Plan's progress made in accumulating sufficient assets to pay benefits and is presented on pages 26-27

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**  
**SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**DECEMBER 31, 2003 THROUGH 2011**

<b><u>Year Ended December 31</u></b>	<b><u>Annual Required Contribution</u></b>	<b><u>Percentage Contributed</u></b>
2003	\$ 3,476,412	100 %
2004	2,953,227	100
2005	1,444,309	100
2006	1,484,628	100
2007	1,497,719	100
2008	1,413,042	100
2009	1,851,102	100
2010	2,554,536	100
2011	2,581,804	100

See independent auditors' report

**EAST JEFFERSON GENERAL HOSPITAL**  
**RETIREMENT AND SAVINGS PLANS**  
**SUPPLEMENTARY INFORMATION (RETIREMENT PLAN)**  
**SCHEDULE OF FUNDING PROGRESS**  
**DECEMBER 31, 2003 THROUGH 2011**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
1/1/2004	\$ 32,338,261	\$ 46,598,037	\$ 14,259,776	69.4 %	\$ 80,774,461	17.7 %
1/1/2005	34,833,733	50,355,490	15,521,757	69.2	88,164,146	17.6
1/1/2006	34,719,918	50,674,981	15,955,063	68.5	69,325,248	23.0
1/1/2007	36,954,546	53,050,297	16,095,751	69.7	69,482,662	23.2
1/1/2008	39,790,947	54,976,707	15,185,760	72.4	67,011,684	22.7
1/1/2009	37,047,904 <sup>1</sup>	56,941,416	19,893,512	65.1	61,093,503	32.6
1/1/2010	32,249,681 <sup>2</sup>	59,702,876	27,453,195	54.0	57,757,738	47.5
1/1/2011	35,969,789	65,035,180	29,065,391	55.3	52,622,311	55.2
1/1/2012	34,587,098	70,572,102	35,985,004	49.0	46,621,480	77.2

<sup>1</sup> Effective with the 1/1/2009 actuarial valuation, the actuarial value of assets recognizes the difference between expected and actual net investment return over 3 years (3-year smoothing)

<sup>2</sup> Effective with the 1/1/2010 actuarial valuation, the actuarial value of assets is set equal to the market value of assets, thus fully recognizing gains/losses from previous years

See independent auditors' report.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS***

The Board of Directors  
East Jefferson General Hospital

We have audited the accompanying statements of plan net assets available for benefits of the East Jefferson General Hospital Retirement and Savings Plans (the Plans) as of December 31, 2011 and 2010, and have issued our report thereon dated May 11, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

Management of the Plans is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered the Plans' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Plans' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plans' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within the entity, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Postlethwaite & Nettville*

Metairie, Louisiana  
May 11, 2012